

Senate Study Bill 1260 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON FEENSTRA)

A BILL FOR

1 An Act relating to local government budgets and property
2 taxation by modifying provisions governing the establishment
3 and approval of county and city budgets, requiring
4 establishment of a property tax system advisory group,
5 modifying provisions relating to property tax credits for
6 persons who have reached sixty-five years of age, modifying
7 provisions relating to the state appraisal manual, and
8 including effective date and applicability provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

COUNTY AND CITY BUDGET LIMITATIONS

Section 1. Section 23A.2, subsection 10, paragraph h, Code 2019, is amended to read as follows:

h. The performance of an activity listed in [section 331.424](#), [Code 2019](#), as a service for which a ~~supplemental levy county~~ may be certified include in its budget.

Sec. 2. Section 28M.5, subsections 1 and 2, Code 2019, are amended to read as follows:

1. The commission, with the approval of the board of supervisors of participating counties and the city council of participating cities in the [chapter 28E](#) agreement, may levy annually a tax not to exceed ninety-five cents per thousand dollars of the assessed value of all taxable property in a regional transit district to the extent provided in this section. The chapter 28E agreement may authorize the commission to levy the tax at different rates within the participating cities and counties in amounts sufficient to meet the revenue responsibilities of such cities and counties as allocated in the budget adopted by the commission. However, for a city participating in a regional transit district, the ~~total of all the tax levies levy imposed in the city pursuant to [section 384.12](#), [subsection 10](#), and [this section](#)~~ shall ~~not exceed the aggregate of ninety-five cents per thousand dollars of the assessed value of all taxable property in the participating city~~ reduce the city's maximum amount of property tax dollars under [section 384.1](#), [subsection 3](#), [paragraph "b"](#), and for a county participating in a regional transit district, except as provided in [subsection 2](#), the tax levy imposed in the unincorporated area pursuant to this section shall reduce the county's maximum amount of property tax dollars that may be levied for rural county services under [section 331.423](#), [subsection 3](#), [paragraph "c"](#).

2. If a regional transit district budget allocates revenue responsibilities to the board of supervisors of a

1 participating county, the amount of the regional transit
2 district levy that is the responsibility of the participating
3 county shall be deducted from the maximum ~~rates~~ amount of taxes
4 authorized to be levied by the county pursuant to section
5 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs "b"
6 and "c", as applicable, unless the county meets its revenue
7 responsibilities as allocated in the budget from other
8 available revenue sources. However, for a regional transit
9 district that includes a county with a population of less than
10 three hundred thousand, the amount of the regional transit
11 district levy that is the responsibility of such participating
12 county shall be deducted from the maximum ~~rate~~ amount of taxes
13 authorized to be levied by the county pursuant to section
14 331.423, ~~subsection 1~~ subsection 3, paragraph "b".

15 Sec. 3. Section 29C.17, subsection 2, paragraph a, Code
16 2019, is amended by striking the paragraph.

17 Sec. 4. Section 123.38, subsection 2, paragraph b, Code
18 2019, is amended to read as follows:

19 *b.* For purposes of this subsection, any portion of license
20 or permit fees used for the purposes authorized in section
21 331.424, subsection 1, paragraph "a", subparagraphs (1) and
22 (2), Code 2019, and in section 331.424A, shall not be deemed
23 received either by the division or by a local authority.

24 Sec. 5. Section 218.99, Code 2019, is amended to read as
25 follows:

26 **218.99 Counties to be notified of patients' personal**
27 **accounts.**

28 The administrator in control of a state institution shall
29 direct the business manager of each institution under the
30 administrator's jurisdiction ~~which is mentioned in section~~
31 ~~331.424, subsection 1, paragraph "a", subparagraphs (1) and~~
32 ~~(2), and for which services are paid under~~ section 331.424A,
33 to quarterly inform the county of residence of any patient or
34 resident who has an amount in excess of two hundred dollars on
35 account in the patients' personal deposit fund and the amount

1 on deposit. The administrators shall direct the business
2 manager to further notify the county of residence at least
3 fifteen days before the release of funds in excess of two
4 hundred dollars or upon the death of the patient or resident.
5 If the patient or resident has no residency in this state or
6 the person's residency is unknown, notice shall be made to the
7 director of human services and the administrator in control of
8 the institution involved.

9 Sec. 6. Section 331.263, subsection 2, Code 2019, is amended
10 to read as follows:

11 2. The governing body of the community commonwealth
12 shall have the authority to levy county taxes and shall
13 have the authority to levy city taxes to the extent the
14 city tax levy authority is transferred by the charter to
15 the community commonwealth. A city participating in the
16 community commonwealth shall transfer a portion of the
17 city's tax levy authorized under [section 384.1](#) or [384.12](#),
18 whichever is applicable, to the governing body of the community
19 commonwealth. The maximum ~~rates~~ amount of taxes authorized to
20 be levied under ~~sections~~ section [384.1](#) and the maximum amount
21 of taxes authorized to be levied under section [384.12](#) by a city
22 participating in the community commonwealth shall be reduced
23 by an amount equal to the rates of the same or similar taxes
24 levied in the city by the governing body of the community
25 commonwealth.

26 Sec. 7. Section 331.301, subsection 12, Code 2019, is
27 amended to read as follows:

28 12. The board of supervisors may credit funds to a reserve
29 for the purposes authorized by [subsection 11 of this section](#),
30 ~~section 331.424, subsection 1, paragraph "a", subparagraph~~
31 ~~(5)~~, and [section 331.441, subsection 2, paragraph "b"](#). Moneys
32 credited to the reserve, and interest earned on such moneys,
33 shall remain in the reserve until expended for purposes
34 authorized by [subsection 11 of this section](#), ~~section 331.424,~~
35 ~~subsection 1, paragraph "a", subparagraph (5)~~, or section

1 331.441, subsection 2, paragraph "b".

2 Sec. 8. Section 331.421, subsections 1 and 10, Code 2019,
3 are amended by striking the subsections.

4 Sec. 9. Section 331.422, unnumbered paragraph 1, Code 2019,
5 is amended to read as follows:

6 Subject to [this section](#) and sections 331.423 through
7 ~~331.426~~, 331.423A, 331.424A, 331.424B, and 331.424C or as
8 otherwise provided by state law, the board of each county shall
9 certify property taxes annually at its March session to be
10 levied for county purposes as follows:

11 Sec. 10. Section 331.423, Code 2019, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **331.423 Property tax dollars — maximums.**

14 1. Annually, the board shall determine separate property
15 tax levy limits to pay for general county services and rural
16 county services in accordance with this section. The property
17 tax levies separately certified for general county services and
18 rural county services under section 331.434 shall not raise
19 property tax dollars that exceed the amounts determined under
20 this section.

21 2. For purposes of this section, unless the context
22 otherwise requires:

23 *a. "Annual growth factor"* means the annual growth percentage
24 determined under subsection 6 plus one hundred percent.

25 *b. "Boundary adjustment"* means annexation, severance,
26 incorporation, or discontinuance as those terms are defined in
27 section 368.1.

28 *c. "Budget year"* is the fiscal year beginning during the
29 calendar year in which a budget is certified.

30 *d. "Current fiscal year"* is the fiscal year ending during
31 the calendar year in which a budget is certified.

32 *e. "Effective property tax rate"* means the property tax
33 rate per one thousand dollars of assessed value and is equal
34 to one thousand multiplied by the quotient of the product of
35 the current fiscal year's actual property tax dollars certified

1 for levy multiplied by the annual growth factor divided by the
2 difference of the total assessed value used to calculate taxes
3 for the budget year minus the net new valuation for the budget
4 year.

5 *f. "Net new valuation"* means the net increase from the
6 current fiscal year to the budget year in assessed valuation
7 due to the following, the amount of each as certified by the
8 county auditor to the department of management by January
9 1 preceding the applicable fiscal year, excluding amounts
10 attributable to a valuation release:

11 (1) New construction.

12 (2) Additions or improvements to existing structures that
13 are not normal and necessary repairs under section 441.21,
14 subsection 8.

15 (3) Remodeling of existing structures for which a building
16 permit is required.

17 (4) Net boundary adjustment.

18 (5) A municipality no longer dividing tax revenues in an
19 urban renewal area as provided in section 403.19 or a community
20 college no longer dividing revenues as provided in section
21 260E.4.

22 (6) That portion of taxable property located in an urban
23 revitalization area on which an exemption was allowed and such
24 exemption has expired.

25 (7) New exemptions for existing properties and the
26 expiration or removal of property exemptions.

27 *g. "Net new valuation taxes"* means an amount equal to the
28 effective property tax rate for general county services or for
29 rural county services, as applicable, multiplied by net new
30 valuation for the budget year.

31 *h. "Valuation release"* means the valuation that is released
32 in any one year from either a division of revenue under section
33 260E.4 or an urban renewal area for which taxes were being
34 divided under section 403.19 if the property for the valuation
35 being released remains subject to the division of revenue under

1 section 260E.4 or remains part of the urban renewal area that
2 is subject to a division of revenue under section 403.19.

3 3. a. For the fiscal year beginning July 1, 2020, and
4 subsequent fiscal years, the maximum amount of property tax
5 dollars which may be certified for levy by a county for general
6 county services and rural county services shall be the maximum
7 property tax dollars calculated under paragraphs "b" and "c",
8 respectively. The amount of property tax dollars calculated
9 under this subsection and determined under subsection 4
10 includes those amounts received by the county as replacement
11 taxes under chapter 437A or 437B.

12 b. The maximum property tax dollars that may be levied for
13 general county services is an amount equal to the sum of the
14 following:

15 (1) The annual growth factor times the current fiscal year's
16 actual property tax dollars certified for levy for general
17 county services.

18 (2) The amount of net new valuation taxes in the county.

19 c. The maximum property tax dollars that may be levied for
20 rural county services is an amount equal to the sum of the
21 following minus the amount certified for levy in unincorporated
22 areas of the county under sections 28E.22 and 28M.5:

23 (1) The annual growth factor times the current fiscal year's
24 actual property tax dollars certified for levy for rural county
25 services.

26 (2) The amount of net new valuation taxes in the
27 unincorporated area of the county.

28 4. a. For purposes of calculating maximum property tax
29 dollars for general county services for the fiscal year
30 beginning July 1, 2020, only, the term "*current fiscal year's*
31 *actual property tax dollars*" shall mean the total amount of
32 property tax dollars certified by the county for general county
33 services for the fiscal year beginning July 1, 2019, or the
34 fiscal year beginning July 1, 2018, whichever is greater,
35 including amounts certified under section 331.424, subsection

1 1, Code 2019, but excluding that portion of the amounts
2 certified for the payment of benefits under chapter 97B or
3 other pension or retirement systems that are associated with
4 salaries for general county services.

5 **b.** For purposes of calculating maximum property tax dollars
6 for rural county services for the fiscal year beginning July
7 1, 2020, only, the term "*current fiscal year's actual property*
8 *tax dollars*" shall mean the total amount of property tax dollars
9 certified by the county for rural county services plus the
10 amount certified for levy in the unincorporated areas of the
11 county under sections 28E.22 and 28M.5 for the fiscal year
12 beginning July 1, 2019, or the fiscal year beginning July 1,
13 2018, whichever is greater, including amounts certified under
14 section 331.424, subsection 2, Code 2019, but excluding that
15 portion of the amounts certified for the payment of benefits
16 under chapter 97B or other pension or retirement systems that
17 are associated with salaries for rural county services.

18 **c.** For purposes of calculating maximum property tax dollars
19 for a fiscal year beginning on or after July 1, 2021, a county
20 for which the county's taxes were not certified back by the
21 department of management under section 24.17 for the current
22 fiscal year due to an act or omission of the county, the
23 current fiscal year's actual property tax dollars certified for
24 levy shall be equal to the amount certified for levy for the
25 fiscal year immediately preceding the current fiscal year or
26 the amount under paragraph "*a*" or "*b*", if applicable.

27 **5.** Property taxes certified for retirement and pension
28 expenses in section 331.423A, mental health and disabilities
29 services in section 331.424A, the cemetery levy under section
30 331.424B, the emergency services fund in section 331.424C, the
31 debt service fund in section 331.430, and any capital projects
32 fund established by the county for deposit of bond, loan,
33 or note proceeds are not included in the maximum amount of
34 property tax dollars that may be certified for a budget year
35 under subsection 3.

1 6. *a.* Except as provided in this subsection, the annual
2 growth percentage for each county for each fiscal year
3 beginning on or after July 1, 2020, is zero percent.

4 *b.* The board may, by resolution, annually approve an annual
5 growth percentage in excess of the percentage in paragraph
6 "*a*", but not to exceed two percent, if the board publishes
7 in accordance with section 331.305 a notice of the proposed
8 resolution that includes the proposed annual growth percentage,
9 the purposes for which the additional property tax revenue
10 will be used, and the time and place of a public meeting at
11 which the board proposes to take action on the resolution. At
12 the meeting, and before approval of the resolution, the board
13 shall receive oral or written objections from any resident or
14 property owner of the county. After all objections have been
15 received and considered, the board may either take action on
16 the resolution or vote to abandon the resolution.

17 *c.* (1) Following approval of a resolution under paragraph
18 "*b*" that establishes an annual growth percentage of two
19 percent, the board may, by a separate resolution approved
20 by a two-thirds majority of the board, approve up to one
21 additional percentage point for the annual growth percentage
22 if the board publishes in accordance with section 331.305 a
23 notice of the proposed resolution that includes the proposed
24 annual growth percentage, the purposes for which the additional
25 property tax revenue will be used, and the time and place of a
26 public meeting at which the board proposes to take action on
27 the resolution. At the meeting, and before approval of the
28 resolution, the board shall receive oral or written objections
29 from any resident or property owner of the county. After all
30 objections have been received and considered, the board may
31 either take action on the resolution or vote to abandon the
32 resolution.

33 (2) If at any time within twenty days after the meeting
34 under subparagraph (1), a petition is filed with the county
35 auditor signed by eligible electors of the county equal in

1 number to the lesser of one thousand or ten percent of the
2 persons in the county who voted for the office of president
3 of the United States at the last preceding general election
4 that had such office on the ballot, asking that the question of
5 increasing the annual growth percentage under this paragraph
6 "c" be submitted to the registered voters of the county, the
7 board shall either vote to abandon the resolution or shall
8 direct the county commissioner of elections to call a special
9 election upon the question. If, however, a valid petition
10 is filed under this subsection and the notice requirement of
11 subparagraph (3) cannot be satisfied, the board shall declare
12 the proposal to be abandoned.

13 (3) The special election, if called, is subject to the
14 following:

15 (a) The board must give at least thirty-two days' notice
16 to the county commissioner of elections that the special
17 election is to be held. In no case, however, shall a notice be
18 given to the county commissioner of elections after December
19 31 for an election on a proposition to increase the annual
20 growth percentage under this paragraph "c" for the fiscal year
21 beginning in the next calendar year.

22 (b) The proposition is approved if it receives a favorable
23 majority of the votes cast on the proposition.

24 (c) The canvass shall be held beginning at 1:00 p.m. on
25 the second day which is not a holiday following the special
26 election. Notice of the special election shall be published at
27 least once in a newspaper as specified in section 331.305 prior
28 to the date of the special election.

29 d. Each notice published under this subsection and the
30 ballot for an election held under paragraph "c" shall include
31 the applicable property tax levy rate for the current fiscal
32 year, the applicable property tax levy rate for the budget
33 year if the annual growth percentage is zero percent, and the
34 applicable property tax levy rate if the proposed annual growth
35 percentage is adopted by resolution or approved at election,

1 as applicable.

2 7. The department of management, in consultation with the
3 county finance committee, shall adopt rules to administer this
4 section. The department shall prescribe forms to be used by
5 counties when making calculations required by this section.

6 Sec. 11. NEW SECTION. **331.423A Retirement system expenses**
7 **— levy.**

8 1. To the extent that the general county services levy under
9 section 331.423, subsection 3, paragraph "b", is insufficient
10 to meet the county's needs for retirement expenses under
11 chapter 97B or other pension or retirement systems that are
12 associated with salaries for general county services, the board
13 may certify a levy each year in an amount necessary to meet
14 those needs.

15 2. To the extent that the rural county services levy under
16 section 331.423, subsection 3, paragraph "c", is insufficient
17 to meet the county's needs for retirement expenses under
18 chapter 97B or other pension or retirement systems that are
19 associated with salaries for rural county services, the board
20 may certify a levy each year in an amount necessary to meet
21 those needs.

22 3. The amounts certified for levy under this section shall
23 be credited to the general fund or rural services fund, as
24 applicable, but are not subject to the limitation on property
25 tax dollars for general county services or rural county
26 services under section 331.423.

27 Sec. 12. Section 331.424A, subsection 6, Code 2019, is
28 amended to read as follows:

29 6. For each fiscal year, the county shall certify a levy
30 for payment of services. For each fiscal year, county revenues
31 from taxes imposed by the county credited to the county
32 services fund shall not exceed an amount equal to the county
33 budgeted amount for the fiscal year. A levy certified under
34 this section is not subject to ~~the appeal provisions of section~~
35 ~~331.426 or to any other~~ provision in law authorizing a county

1 to exceed, increase, or appeal a property tax levy limit.

2 Sec. 13. Section 331.427, subsection 3, paragraph 1, Code
3 2019, is amended to read as follows:

4 1. Services listed in section 331.424, subsection 1, Code
5 2019, and section 331.554.

6 Sec. 14. Section 331.428, subsection 2, paragraph d, Code
7 2019, is amended to read as follows:

8 d. Services listed under section 331.424, subsection 2, Code
9 2019.

10 Sec. 15. Section 331.429, subsection 1, paragraphs a and b,
11 Code 2019, are amended to read as follows:

12 a. Transfers from the general fund not to exceed in any year
13 the dollar equivalent of a tax of sixteen and seven-eighths
14 cents per thousand dollars of assessed value on all taxable
15 property in the county multiplied by the ratio of current
16 taxes actually collected and apportioned for the general ~~basie~~
17 county services levy to the total general ~~basie~~ county services
18 levy for the current year, and an amount equivalent to the
19 moneys derived by the general fund from military service tax
20 credits under chapter 426A, manufactured or mobile home taxes
21 under section 435.22, and delinquent taxes for prior years
22 collected and apportioned to the general ~~basie~~ county services
23 fund in the current year, multiplied by the ratio of sixteen
24 and seven-eighths cents to three dollars and fifty cents.

25 The limit on transfers in this paragraph applies only to
26 property tax revenue and is not a limit on transfers of revenue
27 generated from sources other than property taxes.

28 b. Transfers from the rural services fund not to exceed in
29 any year the dollar equivalent of a tax of three dollars and
30 three-eighths cents per thousand dollars of assessed value on
31 all taxable property not located within the corporate limits
32 of a city in the county multiplied by the ratio of current
33 taxes actually collected and apportioned for the rural county
34 ~~services basie~~ levy to the total rural county services basie
35 levy for the current year and an amount equivalent to the

1 moneys derived by the rural services fund from military service
2 tax credits under chapter 426A, manufactured or mobile home
3 taxes under section 435.22, and delinquent taxes for prior
4 years collected and apportioned to the rural county services
5 ~~basic~~ fund in the current year, multiplied by the ratio of
6 three dollars and three-eighths cents to three dollars and
7 ninety-five cents. The limit on transfers in this paragraph
8 applies only to property tax revenue and is not a limit on
9 transfers of revenue generated from sources other than property
10 taxes.

11 Sec. 16. Section 331.434, unnumbered paragraph 1, Code
12 2019, is amended to read as follows:

13 Annually, the board of each county, subject to section
14 331.403, subsection 4, sections 331.423 ~~through 331.426~~,
15 331.423A, 331.424A, 331.424B, and 331.424C, and other
16 applicable state law, shall prepare and adopt a budget, certify
17 taxes, and provide appropriations as follows:

18 Sec. 17. Section 331.434, subsection 7, Code 2019, is
19 amended to read as follows:

20 7. Taxes levied by a county whose budget is certified after
21 March 15 shall be limited to the prior year's budget amount.
22 However, this penalty may be waived by the director of the
23 department of management if the county demonstrates that the
24 March 15 deadline was missed because of circumstances beyond
25 the control of the county or as the result of an election held
26 under section 331.423, subsection 6.

27 Sec. 18. Section 331.435, unnumbered paragraph 1, Code
28 2019, is amended to read as follows:

29 The board may amend the adopted county budget, subject to
30 sections 331.423 ~~through 331.426~~, 331.423A, 331.424A, 331.424B,
31 and 331.424C and other applicable state law, to permit
32 increases in any class of proposed expenditures contained in
33 the budget summary published under section 331.434, subsection
34 3.

35 Sec. 19. Section 364.25, Code 2019, is amended to read as

1 follows:

2 **364.25 Retiree health care.**

3 A city may provide health or medical insurance coverage or
4 supplemental health or medical insurance coverage to retired
5 employees of the city. A city providing health or medical
6 insurance coverage pursuant to [this section](#) may establish such
7 requirements or restrictions concerning the coverage provided
8 as the city may adopt. If coverage is provided, the cost of the
9 health or medical insurance coverage may be paid ~~from moneys~~
10 ~~held in a trust and agency fund established pursuant to section~~
11 ~~384.6, or~~ out of an appropriation from the city general fund
12 for this purpose.

13 Sec. 20. Section 373.10, Code 2019, is amended to read as
14 follows:

15 **373.10 Taxing authority.**

16 The metropolitan council shall have the authority to
17 levy city taxes to the extent the city tax levy authority
18 is transferred by the charter to the metropolitan council.
19 A member city shall transfer a portion of the city's tax
20 levy authorized under [section 384.1](#) or [384.12](#), whichever is
21 applicable, to the metropolitan council. The maximum ~~rates~~
22 amount of taxes authorized to be levied under ~~sections~~ section
23 384.1 and the taxes authorized to be levied under section
24 [384.12](#) by a member city shall be reduced by an amount equal to
25 the rates of the same or similar taxes levied in the city by the
26 metropolitan council.

27 Sec. 21. Section 384.1, Code 2019, is amended by striking
28 the section and inserting in lieu thereof the following:

29 **384.1 Property tax dollars — maximum.**

30 1. A city shall certify taxes to be levied by the city
31 on all taxable property within the city limits, for all city
32 government purposes. Annually, the city council may certify
33 a basic levy for city government purposes, subject to the
34 limitation on property tax dollars provided in this section.

35 2. For purposes of this section, unless the context

1 otherwise requires:

2 *a. "Annual growth factor"* means the annual growth percentage
3 determined under subsection 7 plus one hundred percent.

4 *b. "Boundary adjustment"* means annexation, severance,
5 incorporation, or discontinuance as those terms are defined in
6 section 368.1.

7 *c. "Budget year"* is the fiscal year beginning during the
8 calendar year in which a budget is certified.

9 *d. "Current fiscal year"* is the fiscal year ending during
10 the calendar year in which a budget is certified.

11 *e. "Effective property tax rate"* means the property tax
12 rate per one thousand dollars of assessed value and is equal
13 to one thousand multiplied by the quotient of the product of
14 the current fiscal year's actual property tax dollars certified
15 for levy multiplied by the annual growth factor divided by the
16 difference of the total assessed value used to calculate taxes
17 for the budget year minus the net new valuation for the budget
18 year.

19 *f. "Net new valuation"* means the net increase from the
20 current fiscal year to the budget year in assessed valuation
21 due to the following, the amount of each as certified by the
22 county auditor to the department of management by January
23 1 preceding the applicable fiscal year, excluding amounts
24 attributable to a valuation release:

25 (1) New construction.

26 (2) Additions or improvements to existing structures that
27 are not normal and necessary repairs under section 441.21,
28 subsection 8.

29 (3) Remodeling of existing structures for which a building
30 permit is required.

31 (4) Net boundary adjustment.

32 (5) A municipality no longer dividing tax revenues in an
33 urban renewal area as provided in section 403.19 or a community
34 college no longer dividing revenues as provided in section
35 260E.4.

1 (6) That portion of taxable property located in an urban
2 revitalization area on which an exemption was allowed and such
3 exemption has expired.

4 (7) New exemptions for existing properties and the
5 expiration or removal of property exemptions.

6 *g. "Net new valuation taxes"* means an amount equal to
7 the effective property tax rate for the city general fund
8 multiplied by net new valuation for the budget year.

9 *h. "Valuation release"* means the valuation that is released
10 in any one year from either a division of revenue under section
11 260E.4 or an urban renewal area for which taxes were being
12 divided under section 403.19 if the property for the valuation
13 being released remains subject to the division of revenue under
14 section 260E.4 or remains part of the urban renewal area that
15 is subject to a division of revenue under section 403.19.

16 3. *a.* For the fiscal year beginning July 1, 2020, and
17 subsequent fiscal years, the maximum amount of property
18 tax dollars which may be certified for levy by a city for
19 the general fund shall be the maximum property tax dollars
20 calculated under paragraph "b". The amount of property tax
21 dollars calculated under this subsection and determined under
22 subsection 4 includes those amounts received by the city as
23 replacement taxes under chapter 437A or 437B.

24 *b.* The maximum property tax dollars that may be levied for
25 deposit in the general fund is an amount equal to the sum of the
26 following minus the amount certified for levy within the city
27 under sections 28E.22 and 28M.5:

28 (1) The annual growth factor times the current fiscal year's
29 actual property tax dollars certified for levy for the general
30 fund.

31 (2) The amount of net new valuation taxes in the city.

32 4. *a.* For purposes of calculating maximum property tax
33 dollars for the city general fund for the fiscal year beginning
34 July 1, 2020, only, the term "*current fiscal year's actual*
35 *property tax dollars*" shall mean the sum of the total amount

1 of property tax dollars certified by the city for the city's
2 general fund plus the total amount of property tax dollars
3 certified for the city's trust and agency fund under section
4 384.6, subsection 1, Code 2019, but excluding that portion of
5 the amounts certified for the payment of benefits under chapter
6 97B, chapter 411, chapter 412, or other pension or retirement
7 systems, for the city's emergency fund under section 384.8,
8 Code 2019, for the levies authorized under section 384.12,
9 subsections 8, 10, 11, 12, 13, and 17, Code 2019, and certified
10 for levy within the city under sections 28E.22 and 28M.5 for
11 the fiscal year beginning July 1, 2018, or the fiscal year
12 beginning July 1, 2019, whichever is greater.

13 *b.* For purposes of calculating maximum property tax dollars
14 for a fiscal year beginning on or after July 1, 2021, a city
15 for which the city's taxes were not certified back by the
16 department of management under section 24.17 for the current
17 fiscal year due to an act or omission of the city, the current
18 fiscal year's actual property tax dollars certified for levy
19 shall be equal to the amount certified for levy for the fiscal
20 year immediately preceding the current fiscal year or the
21 amount under paragraph "a", if applicable.

22 5. Property taxes certified for the payment of benefits
23 under chapter 97B, chapter 411, chapter 412, or other pension
24 or retirement systems as provided in section 384.3B, deposit in
25 the debt service fund in section 384.4, capital improvements
26 reserve fund in section 384.7, any capital projects fund
27 established by the city for deposit of bond, loan, or note
28 proceeds, and property taxes collected from a levy in section
29 384.12, are not counted against the maximum amount of property
30 tax dollars that may be certified for a budget year under
31 subsection 3.

32 6. Notwithstanding the maximum amount of taxes a city
33 may certify for levy, the tax levied by a city on tracts of
34 land and improvements on the tracts of land used and assessed
35 for agricultural or horticultural purposes shall not exceed

1 three dollars and three-eighths cents per thousand dollars
2 of assessed value in any year. Improvements located on such
3 tracts of land and not used for agricultural or horticultural
4 purposes and all residential dwellings are subject to the same
5 rate of tax levied by the city on all other taxable property
6 within the city.

7 7. *a.* Except as provided in this subsection, the annual
8 growth percentage for each city for each fiscal year beginning
9 on or after July 1, 2020, is zero percent.

10 *b.* The city council may, by resolution, annually approve
11 an annual growth percentage in excess of the percentage in
12 paragraph "*a*", but not to exceed two percent, if the council
13 publishes in accordance with section 362.3 a notice of the
14 proposed resolution that includes the proposed annual growth
15 percentage, the purposes for which the additional property
16 tax revenue will be used, and the time and place of a public
17 meeting at which the council proposes to take action on
18 the resolution. At the meeting, and before approval of
19 the resolution, the council shall receive oral or written
20 objections from any resident or property owner of the city.
21 After all objections have been received and considered, the
22 council may either take action on the resolution or vote to
23 abandon the resolution.

24 *c.* (1) Following approval of a resolution under paragraph
25 "*b*" that establishes an annual growth percentage of two percent,
26 the city council may, by a separate resolution approved
27 by a two-thirds majority of the council, approve up to one
28 additional percentage point for the annual growth percentage
29 if the council publishes in accordance with section 362.3 a
30 notice of the proposed resolution that includes the proposed
31 annual growth percentage, the purposes for which the additional
32 property tax revenue will be used, and the time and place of
33 a public meeting at which the council proposes to take action
34 on the resolution. At the meeting, and before approval of
35 the resolution, the council shall receive oral or written

1 objections from any resident or property owner of the city.
2 After all objections have been received and considered, the
3 council may either take action on the resolution or vote to
4 abandon the resolution.

5 (2) If at any time within twenty days after the meeting
6 under subparagraph (1), a petition is filed with the city clerk
7 signed by eligible electors of the city equal in number to the
8 lesser of one thousand or ten percent of the persons in the
9 city who voted for the office of president of the United States
10 at the last preceding general election that had such office on
11 the ballot, asking that the question of increasing the annual
12 growth percentage under this paragraph "c" be submitted to the
13 registered voters of the city, the council shall either vote to
14 abandon the resolution or shall direct the county commissioner
15 of elections to call a special election upon the question. If,
16 however, a valid petition is filed under this subsection and
17 the notice requirement of subparagraph (3) cannot be satisfied,
18 the council shall declare the proposal to be abandoned.

19 (3) The special election, if called, is subject to the
20 following:

21 (a) The city council must give at least thirty-two days'
22 notice to the county commissioner of elections that the special
23 election is to be held. In no case, however, shall a notice be
24 given to the county commissioner of elections after December
25 31 for an election on a proposition to increase the annual
26 growth percentage under this paragraph "c" for the fiscal year
27 beginning in the next calendar year.

28 (b) The proposition is approved if it receives a favorable
29 majority of the votes cast on the proposition.

30 (c) The canvass shall be held beginning at 1:00 p.m. on
31 the second day which is not a holiday following the special
32 election. Notice of the special election shall be published at
33 least once in a newspaper as specified in section 362.3 prior
34 to the date of the special election.

35 d. Each notice published under this subsection and the

1 ballot for an election held under paragraph "c" shall include
2 the property tax levy rate per one thousand dollars for
3 the current fiscal year, the property tax levy rate for the
4 budget year if the annual growth percentage is zero percent,
5 and the property tax levy rate if the proposed annual growth
6 percentage is adopted by resolution or approved at election,
7 as applicable.

8 8. The department of management, in consultation with the
9 city finance committee, shall adopt rules to administer this
10 section. The department shall prescribe forms to be used by
11 cities when making calculations required by this section.

12 Sec. 22. Section 384.3, Code 2019, is amended to read as
13 follows:

14 **384.3 General fund.**

15 All moneys received for city government purposes from
16 taxes and other sources must be credited to the general fund
17 of the city, except that moneys received for the purposes
18 of the debt service fund, the trust and agency funds, the
19 capital improvements reserve fund, ~~the emergency fund~~ and other
20 funds established by state law must be deposited as otherwise
21 required or authorized by state law. All moneys received by
22 a city from the federal government must be reported to the
23 department of management who shall transmit a copy to the
24 legislative services agency.

25 Sec. 23. NEW SECTION. **384.3B Retirement system expenses**
26 **— levy.**

27 1. To the extent that the city's basic levy for city
28 government purposes under section 384.1, subsection 3, is
29 insufficient to meet the city's needs for retirement expenses
30 under chapter 97B, chapter 411, chapter 412, or other pension
31 or retirement systems that are associated with salaries of the
32 city's employees, including the types of retirement or pension
33 expenses authorized for payment by cities under section 384.6,
34 subsection 1, Code 2019, the council may certify a levy each
35 year in an amount necessary to meet those needs.

1 2. The amounts certified for levy under this section shall
2 be credited to the general fund of the city, but are not
3 subject to the city's basic levy limitation on property tax
4 dollars for city government purposes under section 384.1.

5 Sec. 24. Section 384.6, Code 2019, is amended to read as
6 follows:

7 **384.6 Trust and agency funds.**

8 A city may establish trust and agency funds for the following
9 purposes:

10 ~~1. Accounting for pension and related employee benefit~~
11 ~~funds as provided by the city finance committee. A city may~~
12 ~~certify taxes to be levied for a trust and agency fund in the~~
13 ~~amount necessary to meet its obligations.~~

14 ~~a. A city may make contributions to a retirement system~~
15 ~~other than the Iowa public employees' retirement system for~~
16 ~~its city manager, or city administrator performing the duties~~
17 ~~of city manager, in an annual amount not to exceed the amount~~
18 ~~that would have been contributed by the employer under section~~
19 ~~97B.11.~~

20 ~~b. If a police chief or fire chief has submitted a~~
21 ~~written request to the board of trustees to be exempt from~~
22 ~~chapter 411, authorized in section 411.3, subsection 1, a~~
23 ~~city shall make contributions for the chief, in an amount~~
24 ~~not to exceed the amount that would have been contributed by~~
25 ~~the city under section 411.8, subsection 1, paragraph "a",~~
26 ~~to the international city management association retirement~~
27 ~~corporation.~~

28 ~~c. A city which has contracted with another city or~~
29 ~~governmental entity for the provision of public safety~~
30 ~~services, including but not limited to police protection,~~
31 ~~fire protection, ambulance, or hazardous materials response,~~
32 ~~may, pursuant to contract, make contributions for pension and~~
33 ~~related employee benefits for personnel of the other city or~~
34 ~~governmental entity providing such services to the city. The~~
35 ~~city may make such contributions in an annual amount not to~~

1 ~~exceed the amount of contributions for pension and related~~
2 ~~employee benefits that would otherwise be paid by the other~~
3 ~~city or governmental entity for such personnel.~~

4 2. 1. Accounting for gifts received by the city for a
5 particular purpose.

6 3. 2. Accounting for money and property received and
7 handled by the city as trustee or custodian or in the capacity
8 of an agent.

9 Sec. 25. Section 384.12, subsections 8, 10, 11, 12, 13, and
10 17, Code 2019, are amended by striking the subsections.

11 Sec. 26. Section 384.15, subsection 1, Code 2019, is amended
12 to read as follows:

13 1. Promulgate rules relating to budget amendments and the
14 procedures for transferring moneys between funds, and other
15 rules necessary or desirable in order to exercise its powers
16 and perform its duties, including rules necessary to implement
17 section ~~384.6, subsection 1~~ 384.3B. The committee's rules are
18 subject to chapter 17A as applicable.

19 Sec. 27. Section 384.16, subsection 6, Code 2019, is amended
20 to read as follows:

21 6. Taxes levied by a city whose budget is certified after
22 March 15 shall be limited to the prior year's budget amount.
23 However, this penalty may be waived by the director of the
24 department of management if the city demonstrates that the
25 March 15 deadline was missed because of circumstances beyond
26 the control of the city or as the result of an election held
27 under section 384.1, subsection 7.

28 Sec. 28. Section 384.18, subsection 1, paragraph c, Code
29 2019, is amended to read as follows:

30 c. To permit transfers from the debt service fund, the
31 capital improvements reserve fund, ~~the emergency fund,~~ or other
32 funds established by state law, to any other city fund, unless
33 specifically prohibited by state law.

34 Sec. 29. Section 384.110, Code 2019, is amended to read as
35 follows:

1 **384.110 Insurance, self-insurance, and risk pooling funds.**

2 A city may credit funds to a fund or funds for the purposes
3 authorized by [section 364.4, subsection 5](#); ~~section 384.12,~~
4 ~~subsection 17~~; or [section 384.24, subsection 3](#), paragraph "s".
5 Moneys credited to the fund or funds, and interest earned on
6 such moneys, shall remain in the fund or funds until expended
7 for purposes authorized by [section 364.4, subsection 5](#);
8 ~~section 384.12, subsection 17~~; or section 384.24, subsection
9 3, paragraph "s".

10 Sec. 30. Section 386.8, Code 2019, is amended to read as
11 follows:

12 **386.8 Operation tax.**

13 A city may establish a self-supported improvement district
14 operation fund, and may certify taxes not to exceed the
15 rate limitation as established in the ordinance creating the
16 district, or any amendment thereto, each year to be levied
17 for the fund against all of the property in the district,
18 for the purpose of paying the administrative expenses of
19 the district, which may include but are not limited to
20 administrative personnel salaries, a separate administrative
21 office, planning costs including consultation fees, engineering
22 fees, architectural fees, and legal fees and all other expenses
23 reasonably associated with the administration of the district
24 and the fulfilling of the purposes of the district. The taxes
25 levied for this fund may also be used for the purpose of paying
26 maintenance expenses of improvements or self-liquidating
27 improvements for a specified length of time with one or more
28 options to renew if such is clearly stated in the petition
29 which requests the council to authorize construction of the
30 improvement or self-liquidating improvement, whether or not
31 such petition is combined with the petition requesting creation
32 of a district. Parcels of property which are assessed as
33 residential property for property tax purposes are exempt from
34 the tax levied under [this section](#) except residential properties
35 within a duly designated historic district. A tax levied under

1 this section is not subject to the ~~levy~~ limitation in section
2 384.1.

3 Sec. 31. Section 386.9, Code 2019, is amended to read as
4 follows:

5 **386.9 Capital improvement tax.**

6 A city may establish a capital improvement fund for a
7 district and may certify taxes, not to exceed the rate
8 established by the ordinance creating the district, or any
9 subsequent amendment thereto, each year to be levied for
10 the fund against all of the property in the district, for
11 the purpose of accumulating moneys for the financing or
12 payment of a part or all of the costs of any improvement or
13 self-liquidating improvement. However, parcels of property
14 which are assessed as residential property for property tax
15 purposes are exempt from the tax levied under [this section](#)
16 except residential properties within a duly designated historic
17 district. A tax levied under [this section](#) is not subject to
18 the ~~levy~~ limitations in [section 384.1](#) or [384.7](#).

19 Sec. 32. Section 400.8, subsection 1, Code 2019, is amended
20 to read as follows:

21 1. The commission, when necessary under the rules,
22 including minimum and maximum age limits, which shall be
23 prescribed and published in advance by the commission and
24 posted in the city hall, shall hold examinations for the
25 purpose of determining the qualifications of applicants
26 for positions under civil service, other than promotions,
27 which examinations shall be practical in character and shall
28 relate to matters which will fairly test the mental and
29 physical ability of the applicant to discharge the duties of
30 the position to which the applicant seeks appointment. The
31 physical examination of applicants for appointment to the
32 positions of police officer, police matron, or fire fighter
33 shall be held in accordance with medical protocols established
34 by the board of trustees of the fire and police retirement
35 system established by [section 411.5](#) and shall be conducted

1 in accordance with the directives of the board of trustees.
2 However, the prohibitions of [section 216.6, subsection 1](#),
3 paragraph "d", regarding tests for the presence of the antibody
4 to the human immunodeficiency virus shall not apply to such
5 examinations. The board of trustees may change the medical
6 protocols at any time the board so determines. In the event of
7 a conflict between the medical protocols established under this
8 section and the minimum entrance requirements of the Iowa law
9 enforcement academy under [section 80B.11](#), the medical protocols
10 established under [this section](#) shall control. The physical
11 examination of an applicant for the position of police officer,
12 police matron, or fire fighter shall be conducted after a
13 conditional offer of employment has been made to the applicant.
14 An applicant shall not be discriminated against on the basis
15 of height, weight, sex, or race in determining physical or
16 mental ability of the applicant. Reasonable rules relating to
17 strength, agility, and general health of applicants shall be
18 prescribed. The costs of the physical examination required
19 under [this subsection](#) shall be paid from the ~~trust and agency~~
20 general fund of the city.

21 Sec. 33. Section 411.6, subsection 5, paragraph b, Code
22 2019, is amended to read as follows:

23 b. If a member in service or the chief of the police or
24 fire departments becomes incapacitated for duty as a natural
25 or proximate result of an injury or disease incurred in or
26 aggravated by the actual performance of duty at some definite
27 time or place or while acting, pursuant to order, outside the
28 city by which the member is regularly employed, the member,
29 upon being found to be temporarily incapacitated following a
30 medical examination as directed by the city, is entitled to
31 receive the member's full pay and allowances from the city's
32 ~~general fund or trust and agency fund~~ until reexamined as
33 directed by the city and found to be fully recovered or until
34 the city determines that the member is likely to be permanently
35 disabled. If the temporary incapacity of a member continues

1 more than sixty days, or if the city expects the incapacity
2 to continue more than sixty days, the city shall notify the
3 system of the temporary incapacity. Upon notification by a
4 city, the system may refer the matter to the medical board for
5 review and consultation with the member's treating physician
6 during the temporary incapacity. Except as provided by this
7 paragraph, the board of trustees of the statewide system has no
8 jurisdiction over these matters until the city determines that
9 the disability is likely to be permanent.

10 Sec. 34. Section 411.15, Code 2019, is amended to read as
11 follows:

12 **411.15 Hospitalization and medical attention.**

13 Cities shall provide hospital, nursing, and medical
14 attention for the members of the police and fire departments
15 of the cities, when injured while in the performance of their
16 duties as members of such department, and shall continue to
17 provide hospital, nursing, and medical attention for injuries
18 or diseases incurred while in the performance of their duties
19 for members receiving a retirement allowance under section
20 411.6, subsection 6. Cities may fund the cost of the hospital,
21 nursing, and medical attention required by [this section](#) through
22 the purchase of insurance, by self-insuring the obligation, or
23 through payment of moneys into a local government risk pool
24 established for the purpose of covering the costs associated
25 with the requirements of [this section](#). However, the cost of
26 the hospital, nursing, and medical attention required by this
27 section shall not be funded through an employee-paid health
28 insurance policy. The cost of the hospital, nursing, and
29 medical attention required by [this section](#) shall be paid from
30 ~~moneys held in a trust and agency fund established pursuant~~
31 ~~to [section 384.6](#), the city's general fund~~ or out of the
32 appropriation for the department to which the injured person
33 belongs or belonged; provided that any amounts received by
34 the injured person from any other source for such specific
35 purposes, shall be deducted from the amount paid by the city

1 under the provisions of **this section**.

2 Sec. 35. REPEAL. Sections 331.424, 331.425, 331.426, and
3 384.8, Code 2019, are repealed.

4 Sec. 36. APPLICABILITY. This division of this Act applies
5 to fiscal years beginning on or after July 1, 2020.

6 DIVISION II

7 PROPERTY TAX SYSTEM ADVISORY GROUP

8 Sec. 37. NEW SECTION. **421.1B Property tax system advisory**
9 **group created — duties.**

10 1. The director of revenue shall establish a property tax
11 system advisory group to comprehensively analyze the existing
12 property tax laws, rules, programs, and systems of this state,
13 including but not limited to the statutory changes contained in
14 this Act, classification of property, assessment limitations,
15 property valuation methodologies, property tax credits and
16 exemptions for low-income and elderly property owners, and the
17 methodologies of calculating property tax rates. Based on the
18 analysis, the advisory group shall annually provide input,
19 feedback, and recommendations to the department of revenue and
20 to the general assembly. Recommendations made by the advisory
21 group shall focus on reforms that will increase transparency
22 and fairness and reforms that will simplify property tax
23 systems. Recommendations of the advisory group may include
24 statutory changes, administrative rule changes, or governmental
25 subdivision policy and implementation changes.

26 2. The property tax system advisory group established by
27 the director of revenue shall include, at a minimum, all of the
28 following members:

29 a. One member from an association representing Iowa
30 counties.

31 b. One member from an association representing Iowa cities.

32 c. One member from an association representing boards of
33 directors of Iowa public schools.

34 d. One member from an association representing agricultural
35 property taxpayers.

1 *e.* One member from an association representing industrial
2 property taxpayers.

3 *f.* One member who is a residential property taxpayer.

4 *g.* The director of the department of management or an
5 employee of the department of management designated by the
6 director of the department of management.

7 *h.* The director of revenue or an employee of the department
8 of revenue designated by the director of revenue.

9 *i.* The director of the economic development authority or
10 an employee of the authority designated by the director of the
11 economic development authority.

12 *j.* One member from an association representing county and
13 city assessors of this state.

14 3. *a.* The department of revenue, in consultation with the
15 department of management, shall provide staffing assistance to
16 the advisory group.

17 *b.* The advisory group shall adopt rules relating to its
18 procedures and meetings under the general supervision of the
19 director of revenue.

20 4. The activities of the advisory group, including all
21 recommendations adopted, shall be included in an annual report.
22 The first such report shall be submitted to the department of
23 revenue and the general assembly no later than January 1, 2020,
24 with subsequent reports developed and submitted by January 1
25 each year thereafter until January 1, 2025.

26 Sec. 38. EFFECTIVE DATE. This division of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

28 DIVISION III

29 ELDERLY PROPERTY TAX CREDIT

30 Sec. 39. Section 425.1, subsection 1, paragraph a, Code
31 2019, is amended to read as follows:

32 *a.* A homestead credit fund is created. There is
33 appropriated annually from the general fund of the state to
34 the department of revenue to be credited to the homestead
35 credit fund, an amount sufficient to implement this ~~chapter~~

1 subchapter.

2 Sec. 40. Section 425.17, subsection 2, Code 2019, is amended
3 to read as follows:

4 2. *a.* "*Claimant*" means ~~either~~ any of the following:

5 (1) A person either filing a claim for credit or
6 reimbursement under this subchapter who ~~has attained the age~~
7 ~~of sixty-five years on or before December 31 of the base year~~
8 ~~or who~~ is totally disabled and was totally disabled on or
9 before December 31 of the base year or filing a claim for
10 reimbursement under this subchapter who has attained the age of
11 sixty-five years on or before December 31 of the base year and
12 who is domiciled in this state at the time the claim is filed or
13 at the time of the person's death in the case of a claim filed
14 by the executor or administrator of the claimant's estate.

15 (2) A person filing a claim for credit or reimbursement
16 under this subchapter who has attained the age of twenty-three
17 years on or before December 31 of the base year or was a head
18 of household on December 31 of the base year, as defined in
19 the Internal Revenue Code, but has not attained the age or
20 disability status described in ~~paragraph "a",~~ subparagraph (1)
21 or the age status and eligibility criteria of subparagraph (3),
22 and is domiciled in this state at the time the claim is filed or
23 at the time of the person's death in the case of a claim filed
24 by the executor or administrator of the claimant's estate, and
25 was not claimed as a dependent on any other person's tax return
26 for the base year.

27 (3) A person filing a claim for credit under this subchapter
28 who has attained the age of sixty-five years on or before
29 December 31 of the base year, who has a household income of
30 less than two hundred fifty percent of the federal poverty
31 level, as defined by the most recently revised poverty income
32 guidelines published by the United States department of health
33 and human services, and is domiciled in this state at the time
34 the claim is filed or at the time of the person's death in the
35 case of a claim filed by the executor or administrator of the

1 claimant's estate.

2 *b.* "*Claimant*" under paragraph "*a*", ~~subparagraph (1) or (2),~~
3 includes a vendee in possession under a contract for deed and
4 may include one or more joint tenants or tenants in common.
5 In the case of a claim for rent constituting property taxes
6 paid, the claimant shall have rented the property during any
7 part of the base year. In the case of a claim for property
8 taxes due, the claimant shall have occupied the property during
9 any part of the fiscal year beginning July 1 of the base year.
10 If a homestead is occupied by two or more persons, and more
11 than one person is able to qualify as a claimant, the persons
12 may each file a claim based upon each person's income and rent
13 constituting property taxes paid or property taxes due.

14 Sec. 41. Section 425.23, subsection 1, Code 2019, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *c.* The tentative credit for a claimant
17 described in section 425.17, subsection 2, paragraph "*a*",
18 subparagraph (3), shall be the greater of the following:

19 (1) The amount of the credit under the schedule specified in
20 paragraph "*a*" of this subsection if the claimant was a claimant
21 as defined in section 425.17, subsection 2, paragraph "*a*",
22 subparagraph (1), filing for a credit under paragraph "*a*" of
23 this subsection.

24 (2) The difference between the actual amount of property
25 taxes due on the homestead during the fiscal year next
26 following the base year minus the actual amount of property
27 taxes due on the homestead during the first fiscal year for
28 which the claimant filed a claim for a credit calculated under
29 this paragraph "*c*" and for which the property taxes due on the
30 homestead were calculated on an assessed valuation that was
31 not a partial assessment and if the claimant has filed for the
32 credit calculated under this paragraph "*c*" for each of the
33 subsequent fiscal years after the first credit claimed.

34 Sec. 42. Section 425.23, subsection 4, paragraph *a*, Code
35 2019, is amended to read as follows:

1 a. For the base year beginning in the 1999 calendar year
2 and for each subsequent base year, the dollar amounts set
3 forth in ~~subsections~~ subsection 1, paragraphs "a" and "b", and
4 subsection 3 shall be multiplied by the cumulative adjustment
5 factor for that base year. "*Cumulative adjustment factor*" means
6 the product of the annual adjustment factor for the 1998 base
7 year and all annual adjustment factors for subsequent base
8 years. The cumulative adjustment factor applies to the base
9 year beginning in the calendar year for which the latest annual
10 adjustment factor has been determined.

11 Sec. 43. Section 425.24, Code 2019, is amended to read as
12 follows:

13 **425.24 Maximum property tax for purpose of credit or**
14 **reimbursement.**

15 ~~In~~ For claimants under section 425.17, subsection 2,
16 paragraph "a", subparagraphs (1) and (2), and for the
17 calculation under section 425.23, subsection 1, paragraph "c",
18 subparagraph (2), in any case in which property taxes due or
19 rent constituting property taxes paid for any household exceeds
20 one thousand dollars, the amount of property taxes due or rent
21 constituting property taxes paid shall be deemed to have been
22 one thousand dollars for purposes of this subchapter.

23 Sec. 44. Section 425.39, Code 2019, is amended to read as
24 follows:

25 **425.39 Fund created — appropriation — priority.**

26 The elderly and disabled property tax credit and
27 reimbursement fund is created. There is appropriated annually
28 from the general fund of the state to the department of revenue
29 to be credited to the elderly and disabled property tax credit
30 and reimbursement fund, from funds not otherwise appropriated,
31 an amount sufficient to implement this subchapter for claimants
32 described in section 425.17, subsection 2, paragraph "a",
33 subparagraph subparagraphs (1) and (3).

34 Sec. 45. APPLICABILITY. This division of this Act applies
35 to claims under chapter 425, subchapter II, filed on or after

1 January 1, 2020.

2 DIVISION IV
3 STATE APPRAISAL MANUAL

4 Sec. 46. Section 421.17, subsection 17, Code 2019, is
5 amended to read as follows:

6 17. To prepare and issue a state appraisal manual which each
7 county and city assessor shall use in assessing and valuing all
8 classes of property in the state. The appraisal manual shall
9 be continuously revised and the manual and revisions shall be
10 issued to the county and city assessors in such form and manner
11 as prescribed by the director. Each county and city assessor
12 shall use the most recently issued manual in assessing and
13 valuing all classes of property in the state within two years
14 of the publication date of the most recently issued manual.
15 The department may grant an extension of up to two years to
16 a county or city assessor upon request and demonstration of
17 substantial hardship by an assessor.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 Division I of this bill removes the property tax levy rate
22 limitations on the general and rural funds for counties and on
23 the general fund for cities and substitutes a limitation on the
24 maximum amount of property tax dollars that may be certified
25 for expenditure by a county or city for those funds for fiscal
26 years beginning on or after July 1, 2020. The bill specifies
27 various purposes and funds of the city or county that are not
28 subject to the new property tax limitations. For the fiscal
29 year beginning July 1, 2020, and subsequent fiscal years, the
30 maximum amount of property tax dollars which may be certified
31 for levy shall generally be an amount equal to the sum of the
32 prior fiscal year's actual property tax dollars certified by
33 the county or city multiplied by the annual growth factor,
34 as defined in the bill, plus the amount of net new valuation
35 taxes, as defined in the bill.

1 Under the bill, the annual growth factor is determined by
2 adding the annual growth percentage to 100 percent. Unless a
3 higher annual growth percentage is approved by the applicable
4 county or city, the annual growth percentage for each fiscal
5 year beginning on or after July 1, 2020, is 0 percent. The
6 governing body of the applicable county or city may, by
7 resolution, annually approve an annual growth percentage in
8 excess of 0 but not to exceed 2 percent. Such resolution
9 must be preceded by notice and a hearing where the governing
10 board receives and considers public objections. Additionally,
11 following approval of such a resolution that establishes an
12 annual growth percentage of 2 percent, the governing body may,
13 by a separate resolution approved by a two-thirds majority of
14 the governing body, approve up to one additional percentage
15 point for the annual growth percentage if the governing body
16 complies with the notice and meeting requirements similar to
17 those for the other percentage increase. However, if at any
18 time within 20 days after the meeting, a petition is filed that
19 is signed by a specified number of eligible electors, asking
20 that the question of the additional increase in the annual
21 growth percentage be submitted to the registered voters at
22 a special election, the governing body, subject to election
23 notice requirements, is required to either vote to abandon the
24 resolution or shall direct the county commissioner of elections
25 to call a special election upon the question. The proposition
26 is approved if it receives a favorable majority of the votes
27 cast on the proposition.

28 Division I of the bill also makes conforming amendments to
29 other provisions of the Code.

30 Division I of the bill applies to fiscal years beginning on
31 or after July 1, 2020.

32 Division II of the bill directs the director of revenue
33 to establish a property tax system advisory group to
34 comprehensively analyze the existing property tax laws, rules,
35 programs, and systems of this state. Based on the analysis

1 conducted, the advisory group is required to annually provide
2 input, feedback, and recommendations to the department of
3 revenue and to the general assembly. The bill sets the
4 minimum composition requirements for the advisory group. The
5 department of revenue, in consultation with the department
6 of management, is required to provide staffing assistance to
7 the advisory group. The bill requires the activities of the
8 advisory group, including all recommendations adopted, to be
9 included in an annual report. The first such report shall
10 be submitted to the department of revenue and the general
11 assembly no later than January 1, 2020, with subsequent reports
12 developed and submitted by January 1 each year thereafter until
13 January 1, 2025.

14 Division II of the bill takes effect upon enactment.

15 Division III of the bill modifies the eligibility for and
16 the calculation of the amount of the property tax credit for
17 persons ages 65 and older under Code chapter 425, subchapter
18 II.

19 Under the bill, a person filing a claim for the property tax
20 credit who is at least 65 years of age and who has a household
21 income of less than 250 percent of the federal poverty level
22 is eligible to receive a credit against property taxes due on
23 the claimant's homestead. For such a claimant, the tentative
24 credit amount is equal to the greater of the following: (1)
25 the amount of the credit as calculated under the schedule
26 of credit amounts specified in Code section 425.23(1)(a) as
27 if the claimant was an eligible claimant for a credit under
28 that provision; and (2) the difference between the actual
29 amount of property taxes due on the homestead during the
30 applicable fiscal year minus the actual amount of property
31 taxes due on the homestead based on a full assessment during
32 the first fiscal year for which the claimant filed for a credit
33 calculated under the bill and if the claimant has filed for the
34 credit for each of the subsequent fiscal years after the first
35 credit claimed.

1 Division III of the bill applies to claims under Code chapter
2 425, subchapter II, filed on or after January 1, 2020.

3 Division IV relates to the state appraisal manual and the
4 usage of the manual by local assessors. Current law requires
5 the director of revenue to prepare, issue, and revise a state
6 appraisal manual which each county and city assessor shall use
7 in assessing and valuing all classes of property in the state.
8 The bill requires each county and city assessor to use the most
9 recently issued manual in assessing and valuing all classes
10 of property in the state within two years of the publication
11 date of the most recently issued manual. If requested, the
12 department of revenue may grant an extension of up to two years
13 to a county or city assessor upon request and demonstration of
14 substantial hardship.